



Industry Trends & Dynasty Guidance

Q2 2024

Industry Trends & Dynasty Guidance

Insights from
Q2 2024



Preserving What Keeps Your RIA Special as You Scale

When Dynasty launches RIAs, they are essentially start-up companies. Each independent firm possesses a unique “soul” that differentiates them from larger financial institutions. This soul is more than just the services offered, it’s the essence that captures the passion, innovation, and client-centric approach that originally defines a start-up.

As RIAs scale, maintaining this soul is crucial because it drives client loyalty, attracts top talent, and sustains an innovative culture that can adapt to changing market conditions. The soul is what makes a firm special and separates it from the growing number of RIAs in the independent space.

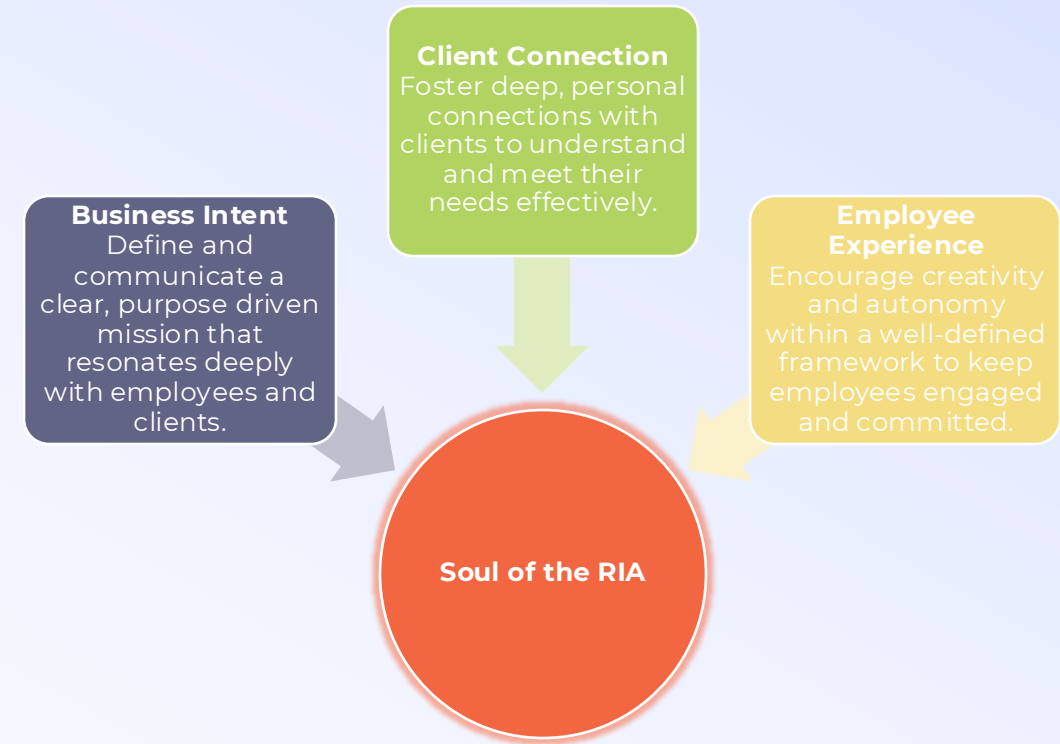
When an RIA retains its founding spirit, it not only enhances client relationships through personalized service, but also fosters an environment where employees feel genuinely connected to the mission and values of the firm. This deep sense of purpose and commitment is essential in creating a resilient business capable of thriving in the competitive wealth management landscape.

Strategies to Preserve the Soul

- Align **Business Intent** with core values to ensure all strategic decisions and changes agree with the foundational principles of the company.
- Secure **Client Connection** by maintaining open channels of communication with clients across all levels of the organization.
- Create a stellar **Employee Experience** by empowering your workforce, involving them in key decisions and respecting their input and ideas.

Dynasty Guidance: It’s important to balance a growing organizational structure with the original RIA start-up spirit to ensure long-term success. With a Dynasty Relationship Manager, reflect on your company’s business intentions, connection with clients, and employee experience to identify areas for strengthening your firm’s soul.

Key Dimensions of the Soul to Preserve¹



Onboarding International Clients

As the world becomes increasingly mobile and interconnected, you may have identified opportunities to work with international clientele. As an independent RIA, you can work with international clients, but there are several key considerations to be aware of during the onboarding process.

Custodian Capability



Reach out to your custodian for a list of countries approved to establish accounts in. It's important to pay attention to any nuances – as an example, you may be able to open an account for a client in a specific country, but unable to provide margin.

Know Your Customer (KYC) and Anti-Money Laundering (AML)



Next, you need to turn your attention to due diligence. It's crucial to be compliant with all KYC and AML regulations. You will need to identify and verify account owners, beneficial owners, and signatories, understand the prospect's source of wealth, sources of funds, and purpose of the account, and conduct an OFAC and negative news search. This is an opportunity to review and update your compliance manual, if needed, and train staff. If you feel that you need some extra assistance in this area, work with Dynasty Compliance and consider hiring an external compliance consultant with a specialty in international due diligence.

Language Policy for Written Communication



Establish a corporate policy regarding the language used for written communications. If you decide to offer marketing material or allow advisors to text or email in a foreign language, you will need to be able to approve and supervise these communications from a compliance standpoint.

Investments



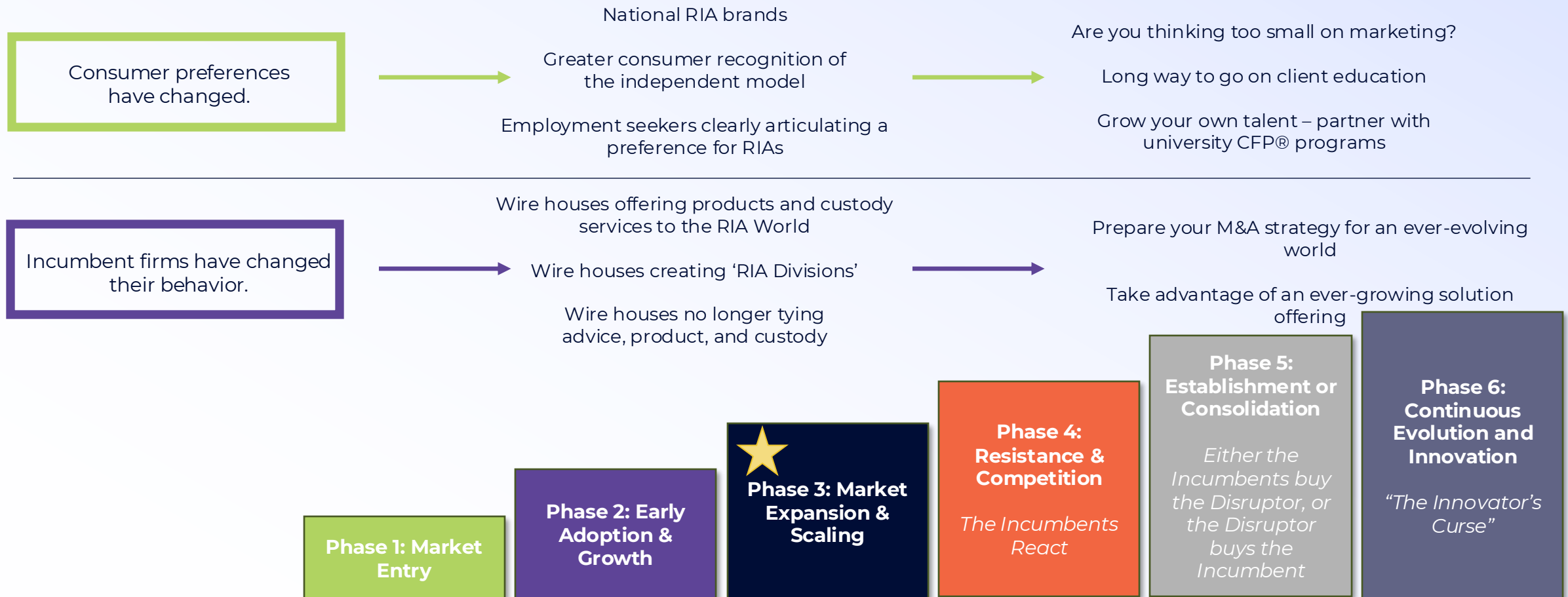
Work closely with your prospect and their tax advisor in mapping out an investor policy statement. There may be special tax considerations around security geographies, particularly in the case of UHNW clientele.

Where Are RIAs in the Innovation Cycle?

One of the themes explored at the 2024 Dynasty Partners Summit was where the RIA industry stands in the innovation cycle. The emergence of the independent, fiduciary, and fee-based RIA onto the wealth management scene presented a disruption to wire houses. Now years in, where do RIAs find themselves?

Per Harvard Business School professor Clayton Christensen, a market is fully disrupted once consumer preferences have changed, AND incumbent firms have changed their behavior to more closely match the disruptors.

In Dynasty's view, RIAs are still in the market expansion and scaling phase, so **how do you prepare your firm for the future?**



DOL Fiduciary Rule Update

The rule, which was initially proposed in October of 2023, will take effect in late September of 2024.

The rule redefines who is an investment advice fiduciary for purposes of the Employee Retirement Income Security Act (ERISA). The update extended the definition of investment advice to include financial services professionals who are paid to give advice on retirement savings plans, even if on a one-time basis (rollovers).

Fiduciary Guidelines¹

Meet a professional standard of care when making recommendations.

Never put their financial interests ahead of the retirement investor's when making recommendations.

Avoid misleading statements about conflicts of interests, fees, and investments.

Charge no more than what is reasonable for their services.

Give the retirement investor basic information about the advisor's conflicts of interest.

Your Opportunity with Dynasty Connect

As investors explore what it means for advisors to act as fiduciaries, they may begin the search for a new advisor. Make sure that Dynasty Connect is aware of your firm's ideal client persona so that they can connect you with qualified prospects.



What is a fiduciary?

Fiduciaries are persons or organizations that act on behalf of others and are required to put the clients' interests ahead of their own, with a duty to preserve good faith and trust².

Registered Investment Advisors are already required to act as fiduciaries.

Non-RIA financial advisors, such as broker-dealers, may only have to offer advice that is **suitable** to clients. This means they can offer financial advice that meets a client's needs but may earn sales commissions or higher fees.

¹Department of Labor Fact Sheet: Retirement Security Rule

²Investopedia

Important Disclosures

Dynasty Financial Partners is a U.S. registered trademark of Dynasty Financial Partners, LLC ("Dynasty"). Dynasty is a brand name, and functions through Dynasty's wholly owned subsidiary, Dynasty Wealth Management, LLC, ("DWM") a registered investment adviser with the Securities and Exchange Commission, when providing investment services. Any reference to the terms "registered investment adviser" or "registered" does not imply that Dynasty or any person associated with Dynasty has achieved a certain level of skill or training. A copy of DWM's current written disclosure statement discussing our advisory services and fees is available for your review upon request.

This document is for private and confidential use only, and not intended for broad usage or dissemination. Its message is intended for the exclusive use of members or prospective members considering joining the Dynasty Network of registered investment advisers. It should not be construed as an attempt to sell or solicit any products or services of DWM or any investment strategy, nor should it be construed as legal, accounting, tax or other professional advice. This material is proprietary and may not be reproduced, transferred, modified or distributed in any form without prior written permission from Dynasty. Dynasty reserves the right, at any time and without notice, to amend, or cease publication of the information contained herein.

Certain of the information contained herein has been obtained from third-party sources and has not been independently verified. It is made available on an "as is" basis without warranty. Any strategies or investment programs described in this presentation are provided for educational purposes only and are not necessarily indicative of securities offered for sale or private placement offerings available to any investor. The views expressed in the referenced materials are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance; actual results or developments may differ materially from those projected. Any projections, market outlooks, or estimates are based upon certain assumptions and should not be construed as indicative of actual events that will occur.

Dynasty Connect is a service offered through Dynasty Wealth Management, LLC, an SEC registered investment adviser and a wholly owned subsidiary of Dynasty Financial Partners, LLC.

Dynasty Securities Disclosure

Dynasty's wholly owned subsidiary Dynasty Securities LLC ("Dynasty Securities") is a U.S. registered broker-dealer and member FINRA/SIPC. The products or services referenced herein may be available through other broker-dealers, or bank and non-bank affiliates of major investment firms that Dynasty through its affiliate Dynasty Securities has entered into revenue sharing arrangements with. Dynasty Securities may receive fees in relation to Dynasty Select platform transactions, however, it does not hold customer securities or customer funds.